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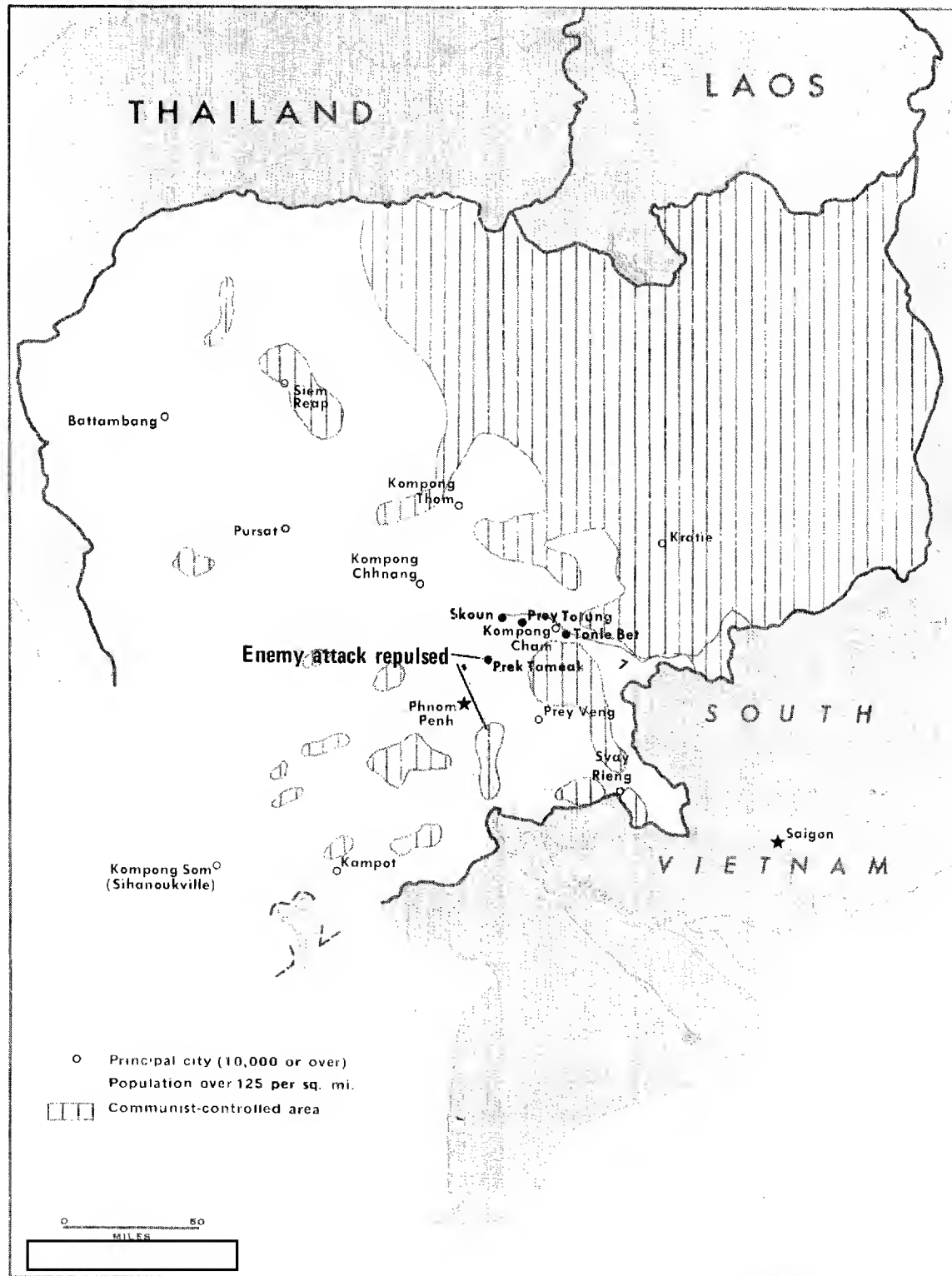
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CAMBODIA: Current Situation



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Cambodia: The situation has eased at Prek Tameak, a village some 12 miles northeast of Phnom Penh, following the enemy's latest abortive attack.

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[redacted] the multibattalion Communist force that attacked three government battalions defending the village on the night of 24-25 August has pulled back to the east. The Cambodians sustained losses of eight killed and 22 wounded; enemy losses are unknown. This marks the second time in the past week that major Communist forces have attempted to overrun Prek Tameak.

The continuing attacks on the village underscore the importance the Communists attach to maintaining pressure on Phnom Penh's eastern defensive perimeter. At the same time they were hitting Prek Tameak, other Communist units were attacking two government battalions dug-in along the Mekong River some 15 miles south of the capital. The Cambodians have reported large numbers of enemy troops in this area for the past several days.

The military situation elsewhere in Cambodia continues to be fairly quiet. Government positions at Tonle Bet, across the Mekong from Kompong Cham city, came under mortar fire yesterday, but no losses were reported. The Cambodians have been anticipating a major attack on Kompong Cham for several weeks, but so far the only significant enemy actions have been at Skoun and Prey Totung, west of the city on Route 7. [redacted]

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North Vietnam: The regime is calling for greater manpower mobilization.

Defense Minister Vo Nguyen Giap reminded party leaders at a conference on local military affairs in mid-August that Hanoi's "people's war" strategy implies wide mobilization; he enjoined the populace to support a buildup of North Vietnam's military establishment. The conference report stressed that the North must "meet all of the frontline's requirements" and urged that the militia and reserves be enlarged and maintained in readiness, even while their personnel continue to carry on their day-to-day tasks. These high-level exhortations, which obviously are partly rhetorical, have been supplemented by increased propaganda in recent weeks urging young North Vietnamese from the provinces to sign up. Moreover, Radio Hanoi reports that Party First Secretary Le Duan, early this month, told high-ranking army officers to strengthen the armed forces.

Recruitment drives of this kind are not new, but it appears that this one is receiving more attention and heavier emphasis than usual from the authorities in Hanoi. The North Vietnamese could be expanding their military manpower base in anticipation of a more intense level of fighting over the short run, but it seems more likely that their concerns are longer-range.

They probably expect that the personnel needs implicit in their commitment to a protracted struggle in much of Indochina could become quite heavy at some point. By pulling more people into organizations like the militia, they help ensure the availability of suitable manpower for the military over the long haul, without significantly reducing the present size of the civilian labor force.

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Japan-Cuba: Tokyo is liberalizing its policy on trade with Cuba.

The Japanese Government has approved an export license and deferred payments for a substantial sale of buses to Cuba and may soon permit major sales of trucks, bulldozers, and other items under similar terms. Japanese suppliers and trading companies are apparently financing the sales from their own resources.

Encouraged by increasing Cuban pressure to buy Japanese goods, Tokyo would like to improve its adverse balance of trade with Havana caused by large purchases of sugar. Recently Japan polled its ambassadors in Latin America on the issue and apparently got a favorable response. A visit to Japan in late July by the Cuban foreign trade minister probably was also a stimulus. Tokyo has long been interested in easing restrictions on trade in non-strategic goods with Cuba, but had avoided such a move out of deference to the US.

Current US-Japan trade problems, particularly the textile issue, have strengthened sentiment within the government to diversify Japan's export markets, including those in Communist countries. The general climate of detente reflected in the SALT talks and the recent West German - Soviet pact apparently has influenced Tokyo's policy shift, as has the belief that sanctions against Cuba have lost support in some Latin American countries.

[REDACTED]

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Czechoslovakia: The Husak regime appears to be in its strongest position to date as a result of the calm passage of last week's invasion anniversary.

An official party commentary has cited the absence of boycotts and other public demonstrations last Friday as proof that the party has re-established its control over the country's affairs. The article virtually declared victory over the regime's liberal opponents, claiming that their public influence had ended.

Although the article is obviously self-serving, the regime's success in weathering the anniversary was an important victory for Husak, whose leadership had yet to pass a test of this kind. By demonstrating his control, Husak now appears to be in a better position to seek Soviet approval for his policies and concessions on the Soviet presence in Czechoslovakia. The pending publication of Husak's wartime reminiscences, which reportedly emphasize his patriotism, suggests that he would like to play down his reputation as a Russian stooge, a necessary step toward increasing his popular support.

In addition, Husak probably has gained leverage in his efforts to quiet his conservative critics at home and to pursue more pressing matters such as the faltering economy. With next year's party congress and national elections entering the planning stage, Husak may now feel tempted to begin restructuring the leadership more to his own liking. [REDACTED]

[REDACTED]

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Iceland: The conservative Independence Party and the Social Democratic Party have agreed to continue the coalition government until the legally required date for general elections in May 1971.

The leaders of the Independence Party had intended to use elections this October to force the calling of a party congress which would resolve the succession problem arising from the accidental death of its leader, Prime Minister Benediktsson. They maintained, however, that the party would not dissolve the coalition without the consent of the Social Democrats. By holding early elections, the Independence Party believed that it could capitalize on the currently generally favorable economic situation of the country.

The Social Democrats, however, judged that early elections might work to their disadvantage and refused to go along. This decision was reached over the objections of a faction which argued that the party's position would be weakened if general elections were held off until next year. The poor performance of the Social Democrats in local elections last spring probably contributed to this faction's belief.

Though the coalition government has managed to hold together for the time being, relations between the governing parties have further soured as a consequence of the debate over the election issue. This will probably lead to a period of indecisiveness in Iceland's domestic and foreign policies and will result in intensive maneuvering within and among Iceland's five political parties as the 1971 elections approach.

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Brazil-France:

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[REDACTED] A team is now in Brazil trying to negotiate the sale of coastal patrol aircraft, and a French firm is competing with a US company for a major contract for an air control radar network. If the French win these contracts, they will have established a firm base for their aircraft and related industries in Brazil. [REDACTED]

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North Korea - Sudan: At the end of his visit to North Korea and Communist China, President Numayri of Sudan announced that North Korea has extended \$11.5 million in credit to Sudan. This is the largest credit ever given by Pyongyang. Communist China earlier had agreed to provide Sudan with \$42 million in assistance. Over the past seven years North Korea has extended small amounts of aid to Congo (Brazzaville), Mali, Syria, and Southern Yemen. [REDACTED]

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